Projections assumptions in relation to Lifetime Occupational Pension Scheme

In line with the applicable MFSA Rules, your Member Benefit Statement includes projections which are provided to help you think about whether your pension plan is on track to give you the income you want from it.

The projections of your future assets and pension benefits are based on a range of assumptions and they may not match what happens in reality. The actual assets that you will accumulate and the benefits you will received from contributing to the scheme may turn out to be lower or higher than our projections.

You must not rely on these projections as the main basis for your personal retirement planning decisions. They are not a personal recommendation for any particular investment or course of action. If you need help deciding what would be the right investment or decision for your particular circumstances, we recommend that you speak to a financial adviser.

Introduction and key points

- These projections only take account of your current pension with the Lifetime Occupational Pension Scheme (LOPS). If you have pensions with other providers, they may provide you with additional income.
- You may receive a State/Public Pension in addition to the income shown in the projection.
- Pension rules and your entitlement to tax relief may change in the future. We have assumed that you will be entitled to tax relief at the current rate on all your contributions

General Assumptions

How much you will contribute to your pension between now and retirement

- We have assumed that your annual contributions will match the last 12 months' contribution (or annualised equivalent where you have made your first contribution less than 12 months ago) subject to a 2% annual increase.

How your pension value will grow over time

We have assumed that your future contributions will be invested in line with your current investment strategy option.

We have considered three return scenarios:

- Unfavourable
- Moderate
- Favourable

We have assumed the following growth rates:

Asset class	Moderate	Unfavourable	Favourable
Investment Grade and Government Bonds Funds	2.0%	1.0%	3.0%
High Yields Bonds Funds	3.0%	2.0%	4.0%
Equity Funds	6.0%	4.0%	8.0%

Nonetheless, for the last part of the contributing/projection period we use growth estimates based on the returns published by the underlying funds in their Key Investment Document (KID) for the unfavourable/moderate/favourable scenario. That is, the underlying funds being UCITS funds are subject to a common set of rules which require them to produce such scenario performance disclosures and we incorporate these in our projections.

We have taken any charges that apply to your account into consideration.

In line with the lifecycle strategy adopted by the scheme, the projection takes account of the gradual move of your investments from higher to lower risk funds as you approach retirement.

When you will retire

For the purposes of this projection, we have used the retirement age as being the age currently observed under Maltese legislation[1]:

Year of birth	Retirement Age
1952-1955	62
1956-1958	63
1959-1961	64
>1961	65

How your pension will provide you with an income

Although you are not obliged to take lump sum from your pension assets when you retire, we have assumed you will do so and that this will amount to 30%.

We further assumed that the balance will be divested and used to pay you fixed monthly benefits. This means that the assets accumulated will be sold and the balance will be split in equal monthly payments determined based on the life expectancy whilst considering the fees applicable.

Limitations

- Factors such as your future salary, employment status, and tax regime changes can have a significant impact on your benefit entitlement.
- The further you are from your retirement date, the less accurate your estimate may be.
- If you have recently experienced a significant increase in your contributions our projections may be understated.
- A revision in your contribution rate in the future will significantly change the projections/likely future income
- Your risk capacity might change throughout the years, prompting you to change the investment strategy option
- The Trust Deed of the Scheme also gives you the option to purchase an annuity upon retirement in which case the underlying return will be different from what we have assumed in our projections
- Even small differences in actual returns vs estimated returns can significantly impact actual benefits vs estimated benefits if they are persistent over time; the longer the projection period, the more material the risk